

N F R B QUARTERLY

	Page
The Work of N F R B - - - -	2
Coal and the Nation - - - -	4
The Bankers and the First Blum Government	14
The London Public Library Service -	21
Class Favouritism in the Navy - -	29
Poland Sits on the Fence - - -	32
Notes on Books - - - - -	35

No 19

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NEW FABIAN RESEARCH BUREAU

37 Great James Street London W C 1

THE WORK OF N F R B

PERSONAL

Lewis Clive, author of *The People's Army*, which he wrote while working in N F R B office during 1937, was killed on August 4 while fighting with the International Brigade on the Ebro front. A memorial fund for the benefit of Spanish Medical Aid is being opened, and we hope that members who knew him and appreciated the value of his work will send donations to the General Secretary. We hope to raise sufficient to equip an ambulance.

As the result of a special donation three new Research Assistants have been appointed for a year's work on the following subjects: *Social Services*, Miss M. E. Hill; *Financial Organisation*, Christopher Mayhew; *Food Policy*, Charles Smith.

Miss Hill was formerly a member of the staff of the *Economic Journal*, Mayhew is an ex-President of the Oxford Union who took his degree in 1938, and Smith a former librarian of the Union who has been engaged in research at Wadham College.

Peter Vinter, who was appointed in 1937 to do a year's work on *Distribution*, has now left to take up a post with a firm of Industrial Consultants. It is hoped to publish his report in book form in the Spring.

PUBLICATIONS

Three new pamphlets have been completed during the last quarter: *Milk, A Study from Cow to Consumer*, by Joan Bulmer and Peter Vinter (published on September 5); *Living Wages, The Case for a New Minimum Wage Act*, by G. D. H. Cole; and *Police Reform*, by a Committee of the Haldane Society (in the press).

Democratic Sweden, edited by Margaret Cole and Charles Smith (Routledge. 12/6), the report of the research party that visited Stockholm last year, was published on September 12. Sixteen leading members of N F R B have contributed chapters, and the three parts deal respectively with *Government and Politics*, *The Swedish Economy*, and *Social Conditions and Policy*.

The programme of work outlined in the last issue of the *Quarterly* is proceeding satisfactorily, and sections of it should be ready for publication in the near future.

CONFERENCES, Etc.

Some 75 people attended the final week of the Fabian Summer School, August 20-27, at Dartington Hall, Totnes, Devon, at which N F R B was responsible for the lectures programme. Under the Directorship of Capt Beaumont, the week was a great success. In addition to the arranged programme, additional discussions were held on the Labour Party and the Armed Forces, Modern Education, and Are We Progressing?

A Conference on the Health Services is being planned at Maidstone on October 22-23, at which the B M A and T U C schemes will be discussed and attempts made to formulate an agreed general policy.

The list of speakers includes Dr Howard Collier, Reader in Industrial Hygiene and Medicine at Birmingham University, Sir Kaye le Fleming (B M A), Dame Louise McIlroy, Dr Joan Malleson, Dr Stella Churchill and representatives of the Socialist Medical Association.

A Conference will be held on December 10-11 at Lady Margaret Hall, Oxford, to deal with the question of Minimum Wage Legislation and Family Allowances.

A study group on *Immediate Social Reforms* will be held weekly, beginning on Monday, October 24, when George Ridley, M P, will open the discussion. It will cover such subjects as Public Works, Wages, Industrial Conditions, Juvenile Labour Problems, Social Services, Food Policy and Civil Liberty. We hope that members interested in these subjects will make every effort to attend, and that it will be possible to form small research groups to work on particular problems which arise. An interesting list of speakers to open the discussions is being arranged.

It is hoped to hold further Conferences during the winter session on the Location of Industry, Industrial Management, etc.

The Annual General Meeting of N F R B has been provisionally fixed at 8 p.m. on Friday, November 25, 1938. Members will receive notices in due course. The General Secretary would be glad to hear from anyone requiring further information on the work and activities of N F R B, at 37, Great James Street, W C 1. Communications concerning the *Quarterly* should be sent to the Editor, H. D. Hughes, at the same address.

COAL AND THE NATION

R. C. Smart, M.C., M.I.Min.E.

Britain's Coal Industry since the war unfortunately has proved a national liability and not an asset, with periodic strikes and labour troubles that have time and again necessitated assistance from the national purse. Financial subsidies of a direct and indirect character have been provided amounting to £33,000,000 in the former case and to about 2/- per ton in the latter.

Today, after years of living from hand to mouth, the industry enjoys a measure of prosperity due to advances in prices of an uneconomic character of about 6/- per ton. From this position it should not be considered an imprudence to look ahead. The enormous developments that are taking and have taken place in industrial organisation, in methods of production, fuel economy, and power utilisation, and in the integration of national economy, preclude the possibility of indefinitely resisting the economic changes of the modern world.

THE COST OF INACTION

The report of the Macmillan Committee on Industrial Amalgamations should provide an incentive to look ahead, for a negative policy of resisting industrial consolidation supported by drastic increases in fuel prices to the consumer involves ultimately further losses in demand for coal. Other sources of energy, of higher efficiency, economy, and convenience, are being utilised to the detriment of coal consumption. Due to advances in coal prices to the consumer of over 130% since 1913, coal consumption per capita has fallen by nearly 20 cwts. Some three million houses have been built during the past twenty years, representing a potential demand for coal of over 20 million tons per annum. On the contrary domestic consumption has fallen by over twenty million tons per annum. Such is the situation after discounting the fallacious stimulus of rearmament.

THE DOMESTIC MARKET

In the domestic market the industry has no foreign competition to face. Prior to 1914 the growth of consumption of coal averaged about 4% per annum, and increases in prices did not prove detrimental to demand. Since 1921 the progressive disequilibrium between demand for coal and immediately available productive capacity has resulted in bitter conflict in European coal markets. Other coal producing countries have realised the position and

have improved the productive efficiency of their industries, thus maintaining an economic price level. In Germany, Holland, France and Poland, despite the inroads of alternative sources of power and fuel economies of spectacular character, coal consumption per capita has increased due to favourable coal prices. Indeed only in Britain has severe retrogression in output occurred, and today German coal exports approach in size those of this country.

FOREIGN TRADE

In 1913 British coal exports were 77 million tons per annum and enjoyed a favourable margin of some 2/- per ton. Over the past six years coal exports have been in the order of some 40 million tons per annum. Going off the gold standard in 1931 did not remedy the situation, but the reverse; over 9 million tons per annum of coal exports were lost due to the introduction of protective measures by foreign countries against the 'dumping' of British goods. An even more serious factor was introduced, for devaluation reduced British coal prices in France from 16/- (gold) per ton to 10/-, prices in Germany fell from 13 Rm. per ton to 9.8, whilst in Canada a subsidy was provided against imported coal. This demonstrates the severity of the pressure applied to foreign markets by the 'dumping' of British coal, causing duress and hardship in foreign coal-producing countries. Germany depends upon the healthy condition of her coal exports for obtaining the necessary exchange for financing the purchase of raw materials. Coal is the most important factor in her economy and this degradation of her export coal prices has involved the loss of over 300 million Rm. per annum in imports of raw materials. 'Economic' sanctions of this character form today the most fruitful cause for rearmament. The only evidence of international appeasement was the conclusion of the Anglo-Polish Coal Agreement in December 1934, when it became evident that devaluation was powerless to improve the situation. It may be stated quite clearly that the only hope for stability in the coal industry lies in the formation of an European Coal Cartel on similar lines to the Steel Cartel, thus enabling the domestic structure of the industry to be reorganised with far more foresight than has yet been disclosed.

POST-WAR DEVELOPMENT

The following table reveals the drastic reorientation of the industry in Britain since the war.

During this period, from 1913 to 1936, earnings per man-shift have advanced from 6/6½d to 10/- (some 50%), while the cost of

living has increased by a similar margin. The position of the wage earner is therefore parlous in the extreme, especially with regard to prolonged unemployment and short time, and to the appalling conditions of misery and starvation in the 'depressed' areas. Though the return on capital investment has not been satisfactory it must be remembered that over 40% of coal is sold through subsidiary enterprises in which collieries have substantial interests, in addition to benzol and chemical byproduct companies. This matter was emphasised in the Bridgeman report during the wage dispute in South Wales in 1934.

	1913	1925 ¹	1929 ¹	1934	1936
Output (in million tons)	287	243	258	221	228
Domestic demand (" ")	184	174	173	162	176
Cargo exports (" ")	77	54	60	42	35
No. of employees (in thousands)	1,100	1,118	970	785	767
Cost of production per ton ..	8/7	18/1	13/6	13/-	13/8
Profit per ton	1/6	3½d	4½d	5d	11d
Mines using coal-cutting machines	676	915	881	840	864
Percentage of output cut by machines	8%	20%	28%	47%	55%
Productive efficiency (i.e., output of coal per man-shift, in cwts.)	20·4	18·0	21·7	22·9	23·5
Length of shift	8 hrs.	7 hrs.	8 hrs.	7½ hrs.	7½ hrs.
Unemployment	0·4%	16%	16%	28%	22%
Govt. subsidy per ton ..	—	1/1	7d. to 1/3 on 60% of output	do. as in 1929	7d on 60% of output

¹ The years 1925 and 1929 were relatively good post-war years of industrial activity.

THE ROOT OF THE TROUBLE

The root cause of the industry's difficulties lies in uneconomic costs of production which the foregoing table shows to have been far too high. Any progress in mechanisation has been rendered nugatory by the excessive margin of coal producing capacity, the actual potential output being some 330 million tons per annum as compared with 240 million tons available for consumption. This is reflected in short-time working, or in spreading output over the working week. Prices are regulated by the cost of production at moribund enterprises, and no provision is made for the orderly retirement of uneconomic collieries. Costs of production are governed absolutely by the output of coal produced

per man-shift worked, which in 1937 was $23\frac{1}{2}$ cwts. The following table reveals the distinctly unfavourable position now occupied by the United Kingdom as compared with 1913.

OUTPUT OF COAL IN CWTs. PER MAN-SHIFT

	U.K.	Ruhr	Poland	Holland
1913	20·37 cwts.	18·5	24·0	16·0
1936	23·9	33·0	40·0	35·0

In 1913 the length of the working shift in the U K was 8 hours, whereas in Germany it was 9 hours, in Poland $9\frac{1}{2}$ hours, and in Holland $8\frac{1}{2}$ hours. Today the length of the shift is slightly less abroad than in this country, which further emphasises the disparity of progress. The table also discloses the influence of integrated industrial structure on productive efficiency, for whereas there are over 2,000 mines in the U.K. for an output of 220 million tons, in Germany 170 mines produce 130 million tons, in Poland there are 33 mines for 30 million tons, and in Holland 8 mines for 12 million tons. Wages in Holland exceed those in the U K, whilst the German miner enjoys a more satisfactory standard of remuneration than his British confrère.

THE REMEDY

Not until output and employment are concentrated in the more economic enterprises will Britain's coal industry regain its competitive ability. There must be a transfer of labour to modern collieries such as those in the Notts coal field where the output per man-shift is over 31 cwts., wages are over 14/- per shift, and the number of men employed is increasing despite marked progress in mechanisation. The State has provided the industry with monopolistic powers without let or hindrance—surely the antithesis of democratic order. Costs of production must be reduced in return, or the organisation of British industry is likely to become dangerously related to capitalist autocracy of the worst type. Costs can only be reduced by mechanisation and the concentration of production in economic enterprises. Simply to raise the price level is to perpetuate obsolescent undertakings and to encourage the use of alternative sources of power energy. The output per man-shift should and must be in the order of 30 cwts., thus enabling costs to be reduced by some 4/- per ton. Better wages and improved

dividends will result. In countries with higher standards of productive efficiency wages only constitute 50% of working costs, as compared with 70% in Britain, while miners become the best paid class of worker. It is patent that the grave situation in the industry's economy can only be corrected by consolidation of its structure, resistance to which is offered by the miner and mine-owner, the former fearing loss of employment, the latter loss of capital investments in moribund concerns. The Samuel Commission showed that on the balance undertakings of some 600,000 tons per annum or over were the most stable and profitable. The history of mechanisation in industry has been reflected in an enlargement of the labour market due to increased demand with lower prices. Even in Germany with the tremendous strides made in mechanisation and output per man-shift since 1913 only 5% of the workers have been displaced, as the demand for coal has increased due to its reasonable cost to the consumer. In Britain loss of employment has been due to the short-sighted policy of the coal-owners since 1924-5 and not to mechanisation. It will be seen from the first table that the number of mines fully mechanised has not increased since 1925 but the reverse. In other words, progress has taken place at mines already mechanised, and it is only through industrial integration and mechanisation that British coal can once more regain the power to compete in foreign markets. Methods of mechanised production and corresponding industrial consolidation, together with the economic rehabilitation of the industry, are fully reviewed in the author's book on the European heavy industries, *The Economics of the Coal Industry* (King). It is clear that the laws of economic duress can no longer operate to restore industrial health and that with the taking over of mining royalties the State must insist upon the amalgamation of mining enterprises. Though the industry enjoys the most favourable natural conditions in the world for low cost transport, it is unable, due to short-sighted self interest, to restore its competitive ability, whilst its autocratic control of prices constitutes its gravest danger.

The increased consumption of gas and electricity has reduced the demand for coal by some 8 million tons per annum, whilst fuel economies since 1920 as a whole have affected coal output by 25 million tons per annum. Other industries have faced this problem—thus the high price and defective quality of British sheet steel forced the motor car industry to devote attention to improved methods of manufacture, and a £2½ million plant was put down at Ebbw Vale by Richard Thomas for the economic production of automobile steel requirements.

SCIENTIFIC ORGANISATION

Following the relaxation of State control in 1921 and the return of Germany and Poland to normal conditions British coal lost the monopoly it enjoyed during the war. Ruinous internecine competition weakened the industry's financial resources, only the merchanting concerns finding the vending of coal profitable, with a margin ranging from 5/- to 8/- per ton according to market, class and quality of coal. Colliery concerns exhibit little interest in consumer's prices or in scientific methods of coal utilisation, the rights for coal hydrogenation for example being in the hands of the petroleum companies. Contrast this with the position in France and Germany, where bulk supply of electricity and gas is controlled by mining enterprises, together with the scientific utilisation of coal and its by-products. A coordinated fuel policy can only be initiated by large scale undertakings, yet another compelling reason for amalgamations. As is the case in Germany, a Central Research Institute must form a nucleus for a rational fuel policy and for full cooperation between coking, iron and steel, engineering and chemical industries. Hydrogenation of coal is only 30% efficient as compared with 86% in the gas and coking industries. Due to attention given to such matters in Germany the export value of coal by-products has increased from 60 million Rm. in 1913 to over 250 million Rm. in 1929, and 15% has been added to the earning capacity of the Ruhr mines. Again, though the price of solid fuel from low temperature carbonisation is higher than that of raw coal, yet due to its greater efficiency it is cheaper to use than coal.

OIL FROM COAL

The Report of the Sub-Committee on Oil from Coal published in 1938 reveals to the public what had long been understood by the technologist, that oil from coal cannot under present conditions compete with the products of the oil-fields without a subsidy of 8d. per gallon. The restoration of economic health can never proceed upon such a basis, for every ton of motor spirit produced by hydrogenation involves a loss of £10 to the Exchequer. On the other hand every ton of imported oil represents a consumption of 1 ton of coal in the manufacture of steel required by ancillary engineering enterprises connected with the petroleum industry. The production of hydrocarbon oils from coal can only be justified on the score of war strategy and on this basis alone is it being developed by the various non-petroliferous powers.

INDUSTRIAL COMPETITION

Seeing that 43% of coal is produced in the 'depressed areas' with deplorable conditions of unemployment, there can be no delay in dealing with the problems of high costs of production and inflated prices for coal, a matter that the industry has refused to face since the collapse of the post-war boom in 1921. Increased coal consumption in the domestic market is only likely in the electricity supply industry where coal demand has doubled since the war, whereas in the gas industry demand has been relatively stable over a period of years. Coal consumption in the iron and steel industry is one third less than in 1913 and will not expand materially beyond its present figures. In other industries the use of gas and electricity continues to grow, a factor of progressive importance for example in the ceramic industry. The modern practice in the Potteries is the concentration of manufacture in large scale undertakings utilising gas heated tunnel ovens. Industrial furnaces are now heated by electricity, gas or oil. The competition from oil has been most severe in the case of shipping where the percentage of world shipping burning coal has fallen from 96% in 1913 to 50% today. On the other hand although modern coal-burning appliances can successfully resist oil competition in tramp shipping, the Diesel engined vessel has a margin of over 15% in efficiency compared with the steamship. Railway transport is turning for local services to Diesel engined locomotives which have a margin of economy of over 30%, whilst large scale electrification is developing in many directions. Its favourable influence has been most pronounced on the Southern Railway whilst at the annual meeting of the Great Western Railway it was stated that due to the large increase in the operating of steam locomotives a scheme for the electrification of part of the system was to be prepared. An increase of 1/- per ton in the price of coal involves an annual expenditure of £100,000 to this undertaking, whilst in the cotton industry since 1935 coal is costing the industry an additional £1,200,000 per annum. Compared with 1929 coal costs the consumer an additional sum of no less than £8,000,000 per annum, a position for which there is no justification. Costs of production can and must be reduced by at least 25 % by concentration of production, utilising to the full the benefits of increased mechanisation. Costs of distribution can also be reduced by over 20%, for in the coal trade as in others the number of distributors has increased since the war, coal merchants enjoying high profits with a small turnover. As Sir David Milne Watson stated at a meeting of the Gas Light and Coke Co., the cost of coal production is far too high and the avowed policy of the Government in setting

up Coal Selling Boards created an unregulated and uncontrolled monopoly against which no adequate safeguards for the consumer were provided by the State. In addition to this undesirable position it must not be overlooked that over £20,000,000 have been extracted from the revenues of consumers' goods industries to subsidise indirectly the coal industry in the form of increased taxation on oil fuels imported from the oil fields. The trawling industry has complained of the burden of high coal prices whilst some coal owners admit that the adverse margin of domestic consumers' prices for coal are excessive, advances ranging up to 6/- per ton. Clearly the industry is at the parting of the ways and its further decline is inevitable if it seeks to perpetuate, by the assistance of high prices and indirect subsidies, industrial conditions of a highly dangerous character.

LEGISLATION

The impetus of rearmament together with the exploitation of monopoly powers has conferred an appearance of prosperity on the industry. The suppression of competition has however prevented progress towards reorganisation and presents a picture of the failure of industrial self-government. As we have seen, the industry has lost competitive ability due to its loss of productive efficiency vis-à-vis foreign coal producing countries. The Samuel Commission recommended in 1926 that royalties should be nationalised, that amalgamations were imperative, that a national fuel policy should be initiated between the coal and allied industries, that research should be extended and greater attention given to distribution. The Mining Industry Act of 1926, though designed to facilitate amalgamations, resulted largely in the strengthening of financial bonds that already existed. The 1930 Mines Act, placed on the Statute Book during the term of office of the second Labour Government, was the first attempt to give expression to the major recommendations of the Samuel Commission.

THE 1930 ACT

Part I provided for organised marketing of coal by quota regulation of tonnage output and minimum prices controlled by district schemes coordinated by a central organisation, and was clearly designed to give temporary assistance to the industry pending reconstruction. Part II established the Coal Mines Reorganisation Commission, a permanent body concerned with the amalgamation of colliery enterprises. Part III defined a 7½ hours shift instead of 8 hours, with stabilisation of wages. (In July 1932 the 7½-hours shift was retained indefinitely but the

statutory protection of the miners' wages was discontinued, a partial and unfair procedure.) Part IV was concerned with the establishment of a National Industrial Board, i.e. conciliation machinery for dealing with issues between employer and employee.

The Act's passage through the House was bitterly contested; Part I was challenged in the King's Bench Division without success, while Part IV was ignored by the coalowners. Instead of a period of price stabilisation being regarded as a buttress upon which to build a consolidated and efficient industry, the Act was resisted at every point. After July 1932 many collieries were closed temporarily to enforce reductions in piece-work rates and wages. Lord Cadman, one of the greatest mining authorities, endorsed the writer's views in January 1936 when he maintained that the whole of the Act should be implemented. That vested interests should be permitted to ignore the statutory provisions of Part IV. reduces democratic government to a farce and as the *Economist* points out, 'legal obscurities, political delays and interested obstruction have conspired to postpone the inevitable for many years.' As Part I of the Act was subject to scandalous evasions the Government compelled the industry to accept the principle of central selling in August 1936. The resistance of the Mining Association to Part II prevented its operation.

1936

The abortive Coal Mines Act of 1936 was designed to give the Reorganisation Commission, who reported that voluntary amalgamations had failed, authority to impose schemes upon a recalcitrant minority. The Commission also stated that its powers were insufficient and a bill was then introduced to omit reference to the Railway and Canal Commission. Pressure from the Mining Association was sufficient, however, to secure three vital amendments destroying the Bill; (a) amalgamations were postponed for two years, (b) an impartial authority was to hear objections to any scheme, (c) collieries owned by undertaking supplying manufacturing coal were to be exempt.

THE 1938 ACT

The 1938 Bill contained three provisions; (a) nationalisation of royalties, (b) amalgamations to be enforced by the Board of Trade and the proposed Coal Commission, (c) extension of Part I of the 1930 Act. Royalty owners are to be compensated by an award of £66,450,000 and the Coal Commission will be vested with all future royalties after July 1942. Strenuous opposition from the Mining Association has once more been successful especially

with regard to section (b), the Railway and Canal Commission being again given juridical powers.

The date was also postponed from January 1940, and under further pressure a new stage is being introduced reducing the proposed Coal Commission to futility. No protection is to be given to the consumer against coal prices fixed by the industry and it will be seen that time after time the State gives way to the pressure of sectional interests, whilst the public interest is ignored.

As the *Times* remarked,

another attempt to detach the affairs of the industry from political controversies has been frustrated, whilst the activities of the new Coal Commission will be brought into the arena of party politics. The coalowners have prevailed with the Government and whether or not the procedure of compulsory amalgamations is brought to a deadlock—as the Mining Association no doubt hopes—only the event can show.

Due to the monopolistic powers with which the industry has been invested by State legislation any progress towards improving the industry's structure has been retarded. In brief, sectional interests control the machinery of State administration. Such are the dangerous issues the industry has to recognise if any progress is to be made towards its rehabilitation. Far graver, however, are the implications cast upon the character of so-called democracy in Britain where the autocratic power of large-scale interests controls the machinery of Government and flouts statutory enactments at will.

THE BANKERS AND THE FIRST BLUM GOVERNMENT

M. Ch. Pineau

Editor *Revue Banque et Bourse*

When the Blum ministry took power in June 1936 the situation of the French finances was already chaotic, not only by reason of the material element of instability contained in the budget, but also owing to the lack of courage of earlier Governments, which had all recoiled from the necessity of revealing the truth to the nation.

The essential elements in the situation were :

- (1) The financial burdens resulting from the last war.
- (2) Armament expenditure laid upon the Treasury and not on the budget.
- (3) The indebtedness of the state and public authorities.
- (4) Advances from the Bank of France after the Flandin ministry.
- (5) The enormous quantity of short-term Treasury bonds in circulation.
- (6) The inflated rate of interest.
- (7) The marked hostility of the financial oligarchy to the new Government.

In my opinion, the only way of facing this type of difficulty was to inform the country of the real situation of French finances. Misinformed or badly counselled, the Popular Front Government did not understand the immediate necessity for a complete revision of traditional methods; absorbed in social matters, it thought that the solution of economic and financial problems could be left to the future, and that it could gain time in negotiations with the financiers; it opened relations with the bankers' association.

PRELIMINARY ISSUES

The first conversations between M. Vincent Auriol and the bankers' representatives were concerned with the facilities required by the Treasury for issuing its bonds. The effect of rediscounting these at the Bank of France would have had the effect, whether admitted or not, of inflating the 'advances to the state' and of thus aggravating the monetary position. The same difficulties were not presented if these bonds were taken up by the private banks.

On the other hand, from the beginning of June 1936, the Finance Minister had a preliminary clash with the bankers on the question of the National Collective Agreement for bank employees. M. Auriol was, in fact, arbitrator in the conflict which the banks were waging at this period with their employees, and he gained for the latter concessions which would cost the banks some 100 million francs each year (45 million francs for the *Credit Lyonnais* alone). Apparently the bankers' association has not yet pardoned the minister for this.

However that may be, during the months of July and August the banks did not directly obstruct the government's policy, but organised a serious run on the franc. All commercial bills were rediscounted at the Bank of France, deposits were mobilised, and clients were given the hint to make enormous purchases of foreign holdings. In September the reward of this came with devaluation.

L'INSPECTION DES FINANCES

At this time an event occurred unnoticed, which in our opinion was of great importance for the fate of the Popular Front Government. This was the restoration to favour of 'l'Inspection des Finances'. In June 1936 M. Vincent Auriol had brought with him to the Rue de Rivoli a group of socialist experts in whom he had complete confidence, but who had unhappily not had the necessary means of imposing their policy on the finance ministry. In France, the higher civil servants are far more powerful than the ministers; they alone have the necessary information to carry out financial plans, reply to questions in Parliament, draw up almost daily the statement of the exact financial position of the country. At the finance ministry in particular, the *l'Inspection* controls all the main services, and it is extremely difficult for a minister to oppose its views. Between a devoted but ill-informed Cabinet and an *Inspection* fully acquainted with the progress of affairs, disguising its opposition under the veil of expert advice, the minister took three months to make up his mind. He took the wrong decision since in fact it is to *l'Inspection* that he entrusted the task of carrying through devaluation.

To understand the importance of this mistake it is necessary to realise that in France the *Inspecteurs des Finances* are recruited from specialised schools, in which they imbibe conservative politics combined with liberal economics. The entrance examination is very severe and influence and orthodoxy play a more important part than the merit of the candidates. Further, it is customary for the more brilliant *Inspecteurs* to leave the Civil Service to become directors of large private banks. Thus the present

heads of four of the leading French banks, and the General Secretary of the Bankers' Association, are all former *Inspecteurs*. How in these circumstances can they be expected to have the necessary independence to oppose the interests of the body whom one day they will serve? The restoration to favour of this select body of the Rue de Rivoli was therefore a preliminary triumph for the bankers.

DEVALUATION

It is certain that, whether intentionally or not, the devaluation of 1936 was bungled. Undertaken too late, and not accompanied by the necessary economic measures, it only brought the Government a very brief respite. Further more, a psychological error was committed by the obligation imposed on the exporters of capital to abandon, on its return to France, the exchange benefits which could alone have induced them to bring it back. Naturally, capital remained abroad, which gave the measures a purely theoretical value and deprived the Treasury of the facilities the Government needed to gain time.

COMPROMISE

The flotation of the first Auriol Loan had enabled the banks to prove to the Ministry the difficulty it was in to secure public advances without their cooperation. After this check, devaluation, and the evidence that capital was not likely to return, the Finance Minister might well have realised the necessity of abandoning an abortive policy and launching boldly into a socialist financial experiment. Always ill-advised and misinformed, he preferred to come to an agreement with the bankers, thinking by this means to show his tactical sense. In fact he played into the hands of his adversaries, and from this moment the Blum Government was lost.

Faced with the ceaselessly increasing drain on the Treasury, the Minister had only three courses open to him:

- (1) Advances by the Bank of France.
- (2) The issue of a public loan.
- (3) The help of the private banks.

For five months, from October 1936 to March 1937, he used each of these in turn, but the conditions demanded by the banks were increasingly severe, both from the financial and the social point of view. Even when their cooperation seemed assured it was more apparent than real.

BLACKMAIL

The second loan floated by M. Auriol was in principle supported by the banks ; in fact they only took part of it and took no trouble whatsoever to induce the public to take the rest. The bank managers who, as each loan was floated, were instructed to sell it to their clients, were privately urged not to be too zealous. Even this was better than with the first loan, against which the bank directors openly warned the public, but it was a strictly limited effort.

During the winter of 1937 the banks consented to renew the Treasury Bonds to which they had subscribed, but in March 1937 they imposed on the Government conditions laid down by the General Confederation of French Employers. An end was to be put to the claims of the workers, factory demands were to cease, the policy of social progress pursued for ten months was to be suspended, and the employers to be reassured that better times were ahead.

The Blum Ministry, in order to keep power, and in the hope of at least consolidating results already achieved, submitted quietly to this blackmail. It was at this time that a standstill policy was introduced and that M. Auriol wooed without success the capital which had fled abroad. It was the open abandonment of a socialist policy, and the return to the theory of liberal capitalism. The Government was in a curious position. It still enjoyed great prestige with the masses who had gained from it undoubted social reforms ; it was supported by the CGT, but it was opposed by a number of senators, mouthpieces of the banks ; it was, above all, hampered by the fear of a financial crisis which became more and more inevitable.

At this period a number of schemes were considered by the advisers of the Minister. The control of foreign exchange and of the distribution of credit was seriously considered, but the Finance Ministry, under the influence of its higher civil servants dared not take the necessary measures.

The banks did not waste the months of April and May, they profited by the freedom to intrigue which was left to them, and in circles of the General Confederation of French Employers carried on, at their leisure, a policy destined not only to strangle the Popular Front Government but also to discredit it with the masses.

BANKS AND INDUSTRY

For several months the rise in the cost of living had diminished the workers' consuming power, and in many cases had had the effect of wiping out almost entirely the wage increases gained in June

1936. This rise had the further effect of placing in a critical situation the small commercial and industrial enterprises which found difficulty in restocking at continually rising prices. There was only one way in which they could maintain the level of their stocks in their shops or factories ; by increasing their liquid capital and thus inflating the amount of credit normally granted by the banks.

But the latter systematically refused to increase the discount allowed to medium-sized enterprises, while giving continually increasing credit facilities to the large-scale sheltered enterprises holding *de jure* or *de facto* monopolies. The following example, absolutely authentic, conclusively shows the influence of the banks' policy on the state finances, on rising prices and on the diminishing purchasing power of the middle and working classes. In the spring of 1937, a group of small industrialists in the neighbourhood of Paris issued shares for the provision of bomb-proof rooms needed for national defence, and proposed a price of 75,000 francs per unit. The Minister of War observed that the previous contract had been given to a large firm at 120,000 francs, and that it would be difficult to supply the same quality at a much lower price. The small industrialists then told the Ministry that the previous contract had been sub-contracted to them at 65,000 francs, but in asking 75,000 francs for the same supplies they were putting their enterprise on a sound footing, while saving the State 45,000 francs. In spite of this they did not get the contract, being unable to secure from the banks credit to enable them to wait for the irregular payments of the State. The contract was given at 120,000 francs to the large firm, who sub-contracted to the small industrialists at 65,000 francs and secured from the banks all the credit necessary. The result of this was as follows ; the State, i.e., the taxpayers, paid 45,000 francs too much per unit ; the small industrialists worked at a loss instead of a balance ; their workers were unable to obtain wage adjustments justified by the rise in the cost of living ; the large firm and the bankers shared the profit of 55,000 francs. This example chosen among hundreds shows a deliberate policy on the part of the banks, the economic results of which were extremely important, since in a few months competition in a great number of products sold on the French market was practically abolished. Large-scale industry could thus fix its price at will, which increased State expenditure and diminished consumption.

EXPORT OF CAPITAL

Also, the banks financed the export of capital. Not only did they encourage the speculations of their clients, but by creating

artificial credits, such as finance paper, they replenished the funds of large-scale industry, in many cases deposited abroad. This curious phenomenon existed, that all the Government's credit injections to give new life to the economic system were turned in the end into capital exports. The industrialists acquired the habit of spending their time by preference in monetary speculation rather than in developing their concerns. Here, in our opinion, is one of the essential causes of the restriction of production in France.

However, the Blum Ministry was powerless to restrict this tendency, and the economic and financial situation grew steadily worse. In spite of the pressure directed at it, the Government refused to withdraw its social legislation and accept the conditions imposed on it and so temporarily overcome its difficulties. Faced with this resistance the bankers decided to put an end to it. At the end of May 1937 a group of financiers met at the Drouant Restaurant, with M. Moreau of the *Banque de Paris et de Pays-Bas* in the chair, and pronounced the death sentence of the Popular Front Government.

THE FINAL ATTACK

The offensive began by an attack in the Stock Exchange on Government stocks with the aim of scaring public opinion. The directors of local banks and bank managers received instructions to alarm their clients and to encourage them to buy foreign bonds or gold. The insurance companies devoted their disposable assets to feeding the short money market, and in a few days the attack on the franc was loosed.

The Government resisted, even proclaimed its intention of intervening in the share market, and if necessary establishing exchange control. The banks struck a final blow. At the beginning of June 1937 they refused to renew their holdings of Treasury Bonds issued by the State. This forced the Government to demand an enormous loan from the Bank of France, a loan which in a few days would have caused an important run on the franc. At this time public opinion was unsettled. The Chamber did not understand, and the Senate was hostile. The Blum Ministry dare not undertake all the risks involved in open resistance to the banks. It resigned. The first round of the struggle of the banks against the popular movement had gone to the former.

Since June 1937 all the Governments in power have come to an agreement with the bankers, but sooner or later the conditions of the latter in social matters finish by making the position of

the ministry untenable in face of public opinion. Each time an attack on the franc and a restriction of the aid given to the State has broken the attempted resistance or obliged the ministry to resign.

It seems that the General Confederation of French Employers, of which the bankers are the principal legislators and administrators, has decided to carry on the struggle against social progress to the end ; it will seek to obtain from successive Governments, which it will form and control, the gradual suppression of the workers' legislation of 1936. On the day when it thinks it has carried sufficient for its reactionary policy it will allow the bankers to relax a little their grip and grant provisional liberty to the Governments of France.

THE LONDON PUBLIC LIBRARY SERVICE

A Committee Report

THE OBJECTS OF THE SERVICE

There are, we think, two main schools of thought regarding the objects of a library service. This is perhaps due not so much to a difference of opinion as to the ideal service, but rather to varying methods of carrying it on. When money is limited, then the objects upon which it is spent become matters of discrimination. Mr. Cowles, the Librarian of Swinton and Pendlebury Public Libraries, writing in the *Publishers' Circular* for March 19, 1938, says :

The educational functions of a public library are often overstressed. It is true that a library should be the cultural centre of the district it serves but, before it can become that, it must attract to itself all classes and conditions of readers. The ideal public library service is not built upon the fads of the highbrows. It must have a more solid foundation laid in the hearts of the ordinary people who know that, whether they read for education or recreation, the library's sole aim is to satisfy their requirements and give them real value for the money they pay in rates.

The other point of view comes (with a proviso regarding the limited funds available) from Mr. Stone, of the Fulham Road Central Library, writing a week later in the same paper.

I can see no reason why an institution whose function is primarily educational should endeavour, to the detriment of its own foremost obligations, to enter into vain competition with the cinemas and twopenny libraries as a peddler of mental opiates, even though the mightiest intellects among its borrowers (and officers !) can absorb thrillers by the dozen.

I agree that librarians should try to cater for all tastes in the order of their importance—technical books, socially significant fiction, and non-opiate light reading. I cannot agree, remembering our present limited resources, that they should attempt also to cater for the complete lack of taste reflected in 'A mystery and a love story, please'.

Let us remember that as librarians it is our duty not tamely to accept and cater for lack of taste, but to rectify so sad a condition as speedily as we may.

On the one hand, then, we have in practice the view that the criterion is the taste and inclinations of the reader ; the view that no valid distinction can be made between good and bad literature, or between fiction and non-fiction ; the opinion that he would be a brave man who, after surveying literary history, would set up a present-day canon of taste.

On the other hand a conscious effort to raise taste ; fiction stocked should be either 'standard' or 'good' ; a standard, in fact, based on the papers in which the book is reviewed, the

librarian's taste, or the intellectual self-regard of members of the library committee.

No one will, we think, quarrel with the view that the educational service of the library must come first, while the recreative is kept in mind. It is interesting to recall that Manchester, which opened the first Public Library under the Acts, issued in 1857 21,450 volumes of novels and romances, also 2,437 volumes of popular magazines. Libraries have for long been considered the Cinderellas of local government, and it is unlikely that the amount of money allotted to them will be materially increased, though we may expect a steady slight rise. It is, however, our opinion, that by a reorganisation of the service, the non-fiction reference and lending stocks can be put to much greater use, and that in consequence money will be released for an extension of the recreational side of public library work, not only by increasing and varying the fiction stock, but by extending its availability.

In this connection, the following figures are interesting as showing the proportions of fiction and non-fiction stocks at various London libraries, and the corresponding fiction and non-fiction lendings. (These figures refer to home reading stock and issues and are taken from *London Statistics* 1935-7.)

	No. of issues per 100 of population	Percentage of non-fiction issues	Percentage of non-fiction stock
Chelsea	326	38·3	79·8
Westminster	545	40·8	65·7
Hampstead	696	35·5	58·5
Paddington	368	28	55·3
Camberwell	291	17·1	57·2
Woolwich	816	15·5	44·1
Greenwich	629	15·5	47·1

The variations are large, and even after taking into account the differing characters of the boroughs and the sums available for book purchase, they show a wide difference in policy between the library authorities.

THE SERVICE AS IT EXISTS

Let us now consider the service as it exists at present within the LCC area.

The 1935-7 figures given in *London Statistics* are as follows. In the 28 Metropolitan Boroughs there were 102 main and branch libraries, which contained a stock divided as follows :

STOCK

1. Reference (Adult). 511,354 volumes, an average of 18,262 per borough. In addition, the Guildhall (City of London) Library had a stock of 120,559, and the free libraries of the Cripplegate Institute and the St. Bride Foundation, 42,899 volumes, an all-in total of 674,812.
2. Non-fiction (Lending). 1,311,976 volumes, an average of 12,862 per library.
3. Fiction (Lending). 759,258 volumes, an average of 7,444 per library.

ISSUES (Annual)

1. Reference (Non-lending). 2,392,572, or an average of 23,456 per library.
2. Non-fiction (Lending). 3,827,102, or an average of 37,521 per library.
3. Fiction. 11,699,811, or an average of 114,704 per library.

From these figures it will be seen that whereas the issues per year of each non-fiction book average 2.9, those of a fiction title average 15.4.

From the point of view of library administration, as well as of the reader, such a result contains elements of wastefulness and inefficiency. After taking into account the fact that a non-fiction book may take longer to read, and therefore circulates more slowly, it still remains true that there is glaring inequality between the two classes of reading. On the fiction shelves it is rare to see a recent title or any detective novel at all, there being a waiting list which ensures that such books never become accessible till late in their career. On the other hand the Library Committee makes a praiseworthy effort to provide adequate reference and educational facilities for its own residents, and, their requirements being infinitely varied, it does its best to provide an adequate assortment which, however well intentioned, in fact is seldom up to date or sufficiently comprehensive.

Administration

The actual method of choosing the books varies from Borough to Borough, but the following description of how it is done in one may serve as a guide.

The Librarian has power to buy up to £20 worth of books per month and to obtain the *ex post facto* sanction of the Committee. This is to ensure that new titles in demand are bought promptly. In addition, he may buy all Juvenile books without reporting to the Committee. The Librarian's recommendations for other purchases are brought before the Committee, who usually strike out about 50%. The choice of the Committee is made partly on the reviews (almost exclusively the literary papers, such as the *Times Literary Supplement*, *Observer* and *Sunday Times*), but largely on the personal tastes of the members. Seldom is any evidence presented as to

the lendings of similar books, and never is the Committee's choice checked back by seeing the lendings for, say, a year after purchase. The system works, but it cannot, we think, be held that the choice of the Committee can be more than haphazard.

Interlending

The deficiencies of individual libraries are supplemented by the London Union Catalogue and the National Central Library, which between them provide a system of interlending between libraries. Through this system, non-fiction books over 8/6 in price and out of print fiction may be obtained, though usually with some delay.

THE SYSTEM AS IT MIGHT BE

General

Most Boroughs have invested both energy and money in their library service, yet the results differ widely. Books issued per 100 of the population vary from 230 in Kensington and St Pancras to 945 in Woolwich, and the percentage of borrowers to total population from 7.4 in St Pancras to 26 in Woolwich.

The amount spent varies from a rate of $\frac{1}{2}$ d in Westminster (not a usual case, due to the large rate yield paid by landlords who do not use the library service), to one of 5d in Poplar, while per head of population the expenditure is 7d per annum in St Pancras, $\frac{2}{4}$ in Woolwich and Bermondsey, and $\frac{3}{11}$ in Westminster. The total sums allotted to the Library Service vary from £3,912 in Holborn to £24,133 in Stepney and £24,434 in Westminster. The above are Library Association 1935 [latest] figures.

The service is one which requires a considerable measure of uniformity if good results are to be obtained at a small cost. This is not to say that the local services should not be adapted to local needs, or that there should be any levelling down. Transference of the London Library service to the LCC, however, would give results, in our opinion, which would justify the change. If this were done, and buildings and stock transferred at an agreed valuation, the working of the reorganised system might be envisaged as follows:

Reference

The worst gap in the service as it exists now is the lack of a central reference library. The Guildhall, Cripplegate and St Bride's Libraries only partly fulfil the requirements,

while the British Museum library is a court of final appeal, the use of which presents certain disadvantages to the student.

The LCC should provide a central reference library, open from 9 a.m. to 11 p.m., including Sundays. (In this connection all our suggestions may be taken as incorporating an extension of hours in order to provide the student with as much reading time as possible outside the regular working hours.) Open access would be allowed, except to rare books, but volumes could not be borrowed. The stock should comprise at least half a million books, confined to non-fiction. Anyone showing a library ticket would be allowed to work there.

The British Museum would then take its place as the library to be used by those requiring books not in stock at the Central Reference Library. It should also be arranged as far as possible that on recommendation from the Central Librarian, students could use the reference libraries of Learned Societies without having to ask for special permission. This could probably be done if the facilities offered were reasonably used, and on payment of a small fee by the Library Service.

Students' Libraries

The LCC service would provide roughly one student library per 100,000 of the population: these libraries would be non-fiction, and would be housed in the existing library buildings. Arranged on the open access principle, books would be lent on registration, and could be returned to any students' library, the qualification being residence or employment within the County of London, which would enable the student to use any library in the area. At the same time, provision would be made for students to work on the premises of libraries with sufficient space, and smaller libraries would be converted where possible, till at least fifty desks were available at each students' library. Stocks at these libraries should amount to at least 40,000, as against the present non-fiction average per library of 12,862. The result would be that the students at each library would be presented with over three times as many books to choose from: at the same time the total stock of non-fiction books in student libraries would be 1,680,000, as against 1,311,976 volumes of non-fiction lending stock at present. These libraries would make accessible all the books required by any but the specialist, and for him the Central Reference Library, the National Central Library and the British Museum will cater. Students' libraries should be open on Sundays.

Fiction and Popular Libraries

These should be established in the proportion of one for every 25,000 of the population. There is no necessity to house them in expensive buildings, and converted shops would be cheap and satisfactory. The stock would consist of about 10,000 volumes, of which about 7,000 would be fiction and the rest popular works of non-fiction, such as biographies, travels, etc. Access would be granted to anyone holding a London area ticket, and books need not be returned to the branch from which they were borrowed.

Choosing Books

(a) *The National Central Library.* The LCC should give a grant for the purchase of books not in the NCL card-index, as is done by the Borough Libraries, though the sums are very small. This will increase the stock of books which, through the interlending schemes, may be borrowed, and provides an alternative service to that of the Central Reference Library.

(b) *Library Committees.* The LCC would appoint a Library Committee, which would organise itself as follows :

1. *Central Reference Library sub-committee.* The Central Reference Library should be stocked in consultation with University Librarians and the NCL. The sub-committee would have power to add books to the library, but not to veto the purchase of any book recommended by the Librarian.
2. *Students' Libraries Sub-Committee.* Books would be chosen by the local librarians, and their choices would pass through the Head Librarian at County Hall, who would alter the lists to conform to the sub-committee's plan of expenditure. Books might be added by the Committee.
3. *General Libraries Sub-Committee.* These libraries would be grouped, each four or five having a librarian, who would send his lists to the Head Librarian. In the case of both (2) and (3) provision could be made for the Head Librarian to purchase and distribute titles likely to be in immediate demand without the sanction of the local librarians. The sub-committee should have power to add books to the Librarian's list, and also a power of veto on fiction : each use of this power should be reported to the Council, if confirmed by the full committee.

It may be held that this virtual abolition of the control of library committees over book-purchase is undemocratic. Today, however, the librarian and his staff are alone capable accurately of gauging the public requirements, and it would appear more sensible to leave the purchase of books to him, just as in a bookshop the buying is done by a specialist. The Committee is able to check the accuracy of the buying by referring to the lending figures, whereas nowadays responsibility can be bandied about between the librarian and his committee. The preservation of the committee's power to add books will correct any prejudices of the librarian himself, and all that has in fact been removed is the committee's power to reject books which the librarian has suggested and wants.

Centralisation would have the effect of speeding up the service, for the central sub-committees would have to meet far more often to sanction expenditures and lists, while the fact that lists originate with the local librarians preserves local contacts which are so important in the library service.

IMMEDIATE REFORMS

(a) The question of *inter-availability of tickets* has been recently discussed by the Standing Joint Committee and the Borough Councils. The main obstacle to the adoption of such a scheme is the varying quality of libraries. Any system of inter-availability will tend to draw borrowers to the library with the best stock, and though it would be possible to make compensating financial arrangements, we cannot think that the good libraries, who are usually short both of space and money, will welcome an additional strain on their service, or that bad ones will like an arrangement that will both reveal their inefficiency and make it more difficult to reform.

(b) The provision of *joint libraries* (i.e., jointly owned and financed, and run by a joint librarian and committee) is to be preferred. Two or three adjacent boroughs might easily pool their resources and decide to establish a central reference library, and a pooled lending library stock and tickets, contributions being made by the constituent councils in an agreed percentage, based on previous library expenditure. This is actually done in the case of Lambeth, which maintains libraries jointly with Camberwell and Croydon.

(c) *The giving of greater power in choosing books to the Librarian*, on the lines discussed earlier.

(d) *The reduction of the period allowed for reading fiction.* The present time, a fortnight, seems excessive, and in view of the high existing turnover of fiction it would seem that to force back fiction as soon as possible will lead either to a still higher turnover, or else to a more representative stock being kept on the library shelves.

(e) *More general contact with schools.* In some boroughs stock is deposited at the school and changed at frequent intervals. The development of Juvenile Libraries and school contacts is very uneven, however, and there is room for much progress on the road that leads from the school through the Juvenile Library to the main service.

(f) *Special collections.* A collection of books, pictures, etc., dealing with Borough history, is valuable as introducing some sense of corporate unity into the rather artificial Borough units. These collections should be easily accessible, plainly guide-posted, and linked up with the schools. Only thirteen of the Boroughs have such collections available to the public.

(g) *The improvement of the appearance of buildings.* Most public libraries present too much the appearance of mausoleums. Carpets, pleasant lighting, seats, pads and pencils for making notes, would help matters a great deal. Where existing accommodation would allow for students' cubicles, these should be provided, and the need for them should be allowed for in any redesigning of buildings.

(h) *The advertising of the facilities available* should be more extensive, whether by poster or leaflets. In addition, prospective borrowers should be given a folder explaining all the facilities offered by the library.

In conclusion, our suggestions for a service controlled by the London County Council do not mean that we approve of the present area administered by that body. The Central Reference Library we have envisaged should serve the whole of the London area, while the machinery for controlling the lending library service is loose enough to have the capacity for expansion.

CLASS FAVOURITISM IN THE NAVY

‘Equity’

Commander R. T. Bower, R N, M P, in his reply¹ to Mr Lewis Clive's article *Class Favouritism in the Navy*,² shows himself to be a reformer as regards cadet entries but a diehard as regards lower deck promotion. This is accounted for by the fact that as an ex-cadet he is well versed with the details of that system but not so well informed on the subject of ranker promotions, otherwise he would not base his arguments as regards the latter subject on false premises.

For a product of the early entry cadet method to write :

I joined at the age of thirteen and am conscious that it was to my disadvantage. . . . It is in my view quite unnecessary to start the professional education . . . at the early age of thirteen. Far better let them have a good general education until the age of seventeen or so, then let them go to Dartmouth. . . .

places him with such reformers as Admiral Sir Herbert Richmond, now Master of Downing College, Cambridge, and Vice-Admiral Gordon Campbell, V C, who commanded one of the cadets' training cruisers, both of whom strongly favour the abolition of the early entry, in favour of public school entries at 17-18.

EFFICIENCY OF RANKERS

As regards lower deck promotion, Cmdr Bower writes :

It is, and will continue to be, almost impossible for a boy who has had an elementary education and joined a training ship at the age of sixteen to compare in efficiency with those who have had a Dartmouth [College] or public school education.

This argument is not justified by the facts. In the first class of sub-lieutenants to be commissioned from the lower deck, under the new ranker promotion system introduced in 1931 by Mr A. V. Alexander, M P, Labour's First Lord of the Admiralty, one was second in the final educational examination at Greenwich College out of 61 cadet and ranker officers. The other rankers obtained the 19th, 21st, 28th, 34th and 38th places. One ranker obtained a first-class and the other five second-class certificates. The only officers to get 'thirds' were cadet entries and there were 23—or one-third—of them. *The Times* in commenting on the results remarked that they did 'the lower deck candidates great credit.'³

¹ *N F R B Quarterly* No 18, Summer 1938.

² *N F R B Quarterly* No 16, Winter 1937-38.

³ *The Times*, August 11, 1934.

In the technical courses another of this class of ranker officers achieved distinction by obtaining the highest marks in gunnery of all the sub-lieutenants during the year—probably nearly 200—and winning the gold medal.

Having argued, wrongly, about the impossibility of a ranker officer comparing in efficiency with cadet entries, Cmdr Bower then gives this as the reason

why a short time ago [February 1937] a number of officers were entered from the Merchant Service [a policy to which Mr Clive had taken exception] because all these officers were at least possessed of the necessary navigational training, which would permit of their taking charge of a ship at sea.

The ages of these officers was from 21 to 30, and though this argument may apply, in part, to the older officers—even they would have had little or no experience of station-keeping in a squadron or flotilla—it does not apply to the younger ones who were not so trained. These younger officers required almost, if not quite, as much navigational training as ranker officers and they all required courses in other technical subjects.

One hundred and twenty-five officers were entered from the Merchant Service last year and a similar number is being entered this year—the total being more than the number of seamen ratings to be commissioned in the twenty years since the war.

Labour MP's have contended in the House of Commons, and been supported by some of the national newspapers, that these commissions should have been awarded to the lower deck, as was done in pre-war days. Had there been a First Lord of the Admiralty of Mr Winston Churchill's or Mr Hore Belisha's robustness there is no doubt that this would have been done.

RANKER PROMOTIONS

In 1913 Mr. Winston Churchill instituted the modern system of ranker promotion and awarded commissions to 44 warrant and petty officers, and to another 31 in the following year. A similar procedure should, and could, have been adopted last year. Whereas in 1913 no system of examinations had previously existed there has now been a system in existence for years, and large numbers of qualified rankers, having been turned down mainly because of the low number of commissions awarded—only one per thousand entries until last year—have become warrant officers.

With an age range of ten years, 21 to 30, the number per year of age would have been twelve only, and these could easily have been obtained. The older commissions could have been awarded to warrant officers, not only qualified in technical courses to a higher standard than Merchant Service entries, but also having

actually had charge of a warship at sea. The extra junior commissions should have been given to ratings who would have been trained in the same time as the Merchant Service entries.

In this connection another 'impossibility' argument is refuted because at the time nearly one hundred ratings were recommended for commissions by their captains and 78 had passed the educational examination.

Whatever specious arguments about 'taking charge of a ship at sea' are put forward to justify outside entries in the executive branch, they cannot be put forward to justify the accountant officers entered from the Royal Naval Reserve and Royal Naval Volunteer Reserve—a practice never previously resorted to in peace time.

Accountant branch ratings include some of the better educated men on the lower deck, yet they are denied commissions early in their careers, though for 25 years they have witnessed seamen, artificer and Royal Marine contemporaries pass from the lower deck to the quarter deck. Their only prospects of a commission is a 'long and zealous service' lieutenancy just before retirement at 50.

The shortage of accountant officers last year provided the Admiralty with an opportunity to extend the ranker promotion system to this branch. Instead they entered pursers from the Merchant Service and officers from civil life. Yet in the Australian Navy accountant ratings can win commissions and in the Canadian Navy the naval secretary in the Department of National Defence, the only paymaster commander and head of his branch, joined and served as a rating.

EQUALITY OF OPPORTUNITY

The crux of the problem lies in equality of opportunity and until this is provided the ranker officer will be heavily handicapped. The Dartmouth entry is trained for eight and the special entry for five years before obtaining his commission at 21. Yet until last year the rating had largely to train himself, in his own time, and that is where the only 'almost impossibility' comes in.

Last September (1936) this fact was admitted by the Admiralty and for the first time special training was instituted for ranker candidates. Thirty-one candidates were selected by Fleet Selection Boards at an earlier age and given a nine-months' course of tuition, but this proved insufficient when the examinations were held in June. All qualified in professional subjects. Fifteen already held the educational certificate and of the others only a half passed.

The special course had only qualified eight. The Final Selection Board rejected another six so that only 17—barely a half—received commissions and this number was only four more than last year when there was no special tuition.

For 25 years, every First Lord of the Admiralty, naval officers giving recruiting addresses in schools and elsewhere, articles in the press in *Navy Week*, and recruiting pamphlets, have all stated that it should be possible for every man possessed of the necessary character and ability to reach the highest ranks. Yet there has been no ranker admiral on the active list for over eighty years!

There is only one reason why commissions are denied to accountant branch ratings and why the numbers are not increased in the three branches in which commissions are possible. That is to keep the navy as a class preserve, in the accountant branch completely so and in the others as far as possible. And one of the first duties of a Labour Government on assuming office should be to increase the numbers where a system of ranker promotion exists and to extend the system to other branches—subject only to the requisite standard being achieved after equal opportunities.

POLAND SITS ON THE FENCE

John Parker, M P

Poland probably more than any other European country approaches nearest in appearance to pre-war Russia. Travellers are discouraged by official busybodies from entering the country; there is a general air of poverty, depression and hopelessness about most of the villages and small towns; the roads separate rather than connect the towns and are said to be one of the country's best defences against invasion; horse-drawn droshkies are more common than motor cars and motorists are frequently outraged by encountering long narrow waggons lumbering down the middle of the road with drivers asleep and frightened horses rearing at their unexpected advent. The contrast with Czechoslovakia is amazing. The extensive post-war rural rebuilding and the fine new schools to be seen even in the most out-of-the-way parts of Slovakia have no comparable counterparts in Poland. In Poland's defence, however, it must be said that their country was a battle-

field during the Great War and that Bohemia had a far more progressive regime before the war than Russian Poland.

With a population of nearly 34 millions Poland is a near-great Power. Her poverty and slow rate of industrialisation have so far prevented her from exerting an influence in any way analogous to her area or population. Situated between Russia and Germany her geographical position has dominated her foreign policy. Her people do not wish to see their country, which emerged as a unity in the post-war years after nearly a century and a half of partition between Prussia, Austria and Russia, again the battleground of Eastern Europe. Opinions are, however, divided as to the best means of preventing such a catastrophe. Colonel Beck, the present Foreign Secretary, follows Pilsudski's pro-German policy in an era when events have changed the situation. The reasons for this policy cannot be fully understood without an appreciation of the strength of the hostility felt towards Russia and of the posthumous influence of Pilsudski who summed up this feeling by saying: 'I am against Russia, the past, the present and the future.' It is easy to understand the feelings of the large landowners and of the governing class towards Russia; the peasants, however, are equally strongly opposed to collectivisation, wishing to partition the present large estates among peasant proprietors. Thus the recent Peasant Party demonstrations against the Government's pro-German foreign policy were also held in commemoration of the Polish peasants' victory over the Russian invaders in 1920.

Government papers have worked up indignation against the Czechs for their occupation of the disputed Teschen territory and their refusal of munitions during the Russian invasion. With the growth of the German danger this appears to be declining. A strong current of opinion is now running in Poland which, whilst still distrustful of Russia, fears that the collapse of Czechoslovakia will be followed by German aggression against their own country.

It is difficult to assess accurately the strength of these divergent views. It appears, however, that the anti-German feeling is growing. Had the western powers taken a strong stand against Hitler in his quarrel with Czecho-slovakia it is probable that Poland would have given them its support instead of trying to take advantage of its neighbour's weakness. Poland's foreign policy, guided in large part though it is bound to be by external influences, must also however take account of internal events.

POLITICAL GROUPINGS

Poland is neither a Fascist nor a democratic state. Apart from the Communist all political opinions are allowed some kind

of expression but active critics of the Government have to take great care if they are to avoid trouble with the authorities. Elections are arranged so that the Government always secures a majority in Parliament. The Government bloc consists of people of very varying opinions, including even some representatives of the minorities, who originally came together in support of Pilsudski. To the right is a party of strong nationalists who are anti-semitic. To the left are the Socialists and the Peasant Party. The extreme nationalists have much support among those members of the professional and commercial classes who are jealous of the Jews; the Socialists have considerable backing among the industrial workers.

The rise of the Peasant Party is probably the most striking development in recent years. As one of its leaders has stated: 'It is the awakening of a whole class to consciousness and has its cultural and social side as well as its political.' The Government, feeling that it lacks any wide measure of popular support, has been in negotiation with both the Peasants and the Socialists to persuade them to join its ranks. They have refused to do so unless free elections are first held which they think would give them a 'Popular Front' majority; they have stated that co-operation with the present Government parties is only possible on a programme which includes an anti-German foreign policy, partition of the large estates, higher wages and increased social services especially in the countryside. The adoption of such a programme is only likely if there is a complete break-up of the Government. There is no sign of this happening in the immediate future but if Peasant discontent and agitation continue to grow such a change is not unlikely. Pressure of public opinion recently forced the Government to declare itself in favour of an election to be followed by the revision of the electoral laws. Whether this election will take place in the near future or whether the opposition parties will take part in it if it does will depend partly on events outside Poland and partly on the strength of political forces within the country. A Fascist attempt might be made to prevent such a change. The chief safeguard against a move of this kind is that the vast army of conscripts is drawn from the ranks of the peasants and industrial workers.

NOTES ON BOOKS

1

CAN 1931 COME AGAIN ? by COLIN BROOKS (Eyre and Spottiswoode 2/6)

A reactionary tract presented under the guise of economic analysis, well-buttressed by mainly irrelevant and dubious statistics.

The author maintains that the current economic trend in this country is towards a worse crisis than that of 1931, and that the causes of recurrent economic crises are dependence on foreign raw materials, high taxation, and high wages. His remedy is drastic cuts in the social services and wages, together with a reduction in foreign trade—'The sound policy for Britain would be to go half way towards Autarchy'. **J. T.**

UNEMPLOYMENT INSURANCE AND ASSISTANCE IN BRITAIN

by PERCY COHEN (Harrap 8/6)

A useful history and account of the present machinery. The Tory bias is definite but not usually aggressive. **J. P.**

THE ECONOMY OF BRITAIN by H. M. CROOME and R. J. HAMMOND (Christophers 8/6)

In dealing with the development of the economic structure and technical progress, this book provides a very useful condensation of a great deal of material. But the political history is weak (was Disraeli's personality really one of the three main causes of imperialism ?) while some of the history of the working-class movement is downright bad, especially for the period since the war; for instance there is not the faintest illusion to the trickery which Bonar Law played on the miners in 1921. **P. V.**

THE PROBLEM OF LEISURE by H. W. DURANT (Routledge 10/6)

Rather pessimistically surveys the use made by different classes of the leisure they have. Most of it is a survey of various up-to-date forms of dope for the masses—football pools and the cinema. It includes some interesting facts and conclusions on boys' clubs, Scouts and staff welfare associations. **C. G. P. S.**

THE PUBLIC CORPORATION IN GREAT BRITAIN by LINCOLN GORDON (OUP 16/-)

A survey of the leading public corporations (BBC, PLA, CEB and LPTB)—their history, organisation and the main problems which face them. The author concludes that the record of this method of economic organisation is a highly encouraging one. A particularly interesting chapter discusses problems which are likely to arise if the new method is extended. **C. P. M.**

THE JUVENILE LABOUR MARKET by JOHN and SYLVIA JEWKES. (Gollancz 4/6)

It is difficult to exaggerate the value of this book. Part I, *The Lancashire Enquiry*, is a lucid presentation of the results of a sampling enquiry which 'involved the visiting, at intervals over a period of two years, of the homes of 2,000 children'. The chapter on Wages is perhaps the most illuminating in the book, but the general conditions of juvenile employment and unemployment revealed by this enquiry point to a gap in the social services which can be described only as a grave national scandal whose removal is of extreme urgency.

Part II, *National Policy*, discusses some of the ways in which this gap might be bridged, and stresses the vital need of an immediate extension of vocational guidance and of statutory control. This section could profitably have been much longer. **J. T.**

THE MIDDLE WAY by HAROLD MACMILLAN, MP (Macmillan 5/-)

A good description of how a progressive Conservative would reconstruct our national economy. A socialist reader will note the danger of an approach towards a British form of Fascism in the idea of 'industrial self-government.' This book makes it obvious that planning must be carried out by bodies responsible to Parliament if democracy is to survive and develop in Great Britain. **J. P.**

THE SOCIALISATION OF BANKING by OSCAR SACHSE (Macmillan 3/6)

A stimulating little book by an architect on the correct monetary policy for a Socialist government.

The author starts from the basic propositions that 'only money causes effective demand' and that the 'value (of money) is due to the fact that it is accepted in exchange for goods and in payment of debt'. He then argues that the aim of a Socialist government should be to issue money so that 'the mean level of prices neither rises nor falls'. The influence of Silvio Gesell, Professor Fisher and Professor Soddy, is very marked throughout.

In spite of many deficiencies in exposition, such as a crudely mechanical version of the Quantity Theory, and even downright errors, such as the author's peculiar views on Interest, the book is well worth reading—if only for the two chapters on Silvio Gesell.

J. T.

A CENTURY OF CITY GOVERNMENT: MANCHESTER 1838-

1938 by SHENA D. SIMON, M.A. (Allen & Unwin 12/6)

Written by an experienced Manchester City Councillor. This book gives a detailed record of each phase of the Council's work, in addition to interesting chapters on the fight for the City's Charter, the growth of the City, its rating and finance and the changing conceptions of Local Government. Many chapters (e.g., those on Education, Public Health and Municipal Socialism) shed light on the general social history of the period. Haphazard and piecemeal gradualism has changed Manchester out of recognition, but there is still much to do: and if in Manchester the party system is not in force there is surely great scope in the future for a planned Labour Policy.

A. W. F.

BURIAL COSTS AND FUNERAL REFORM by SIR ARNOLD WILSON, M.P. and Professor H. LEVY (Macmillan 8/6)

All who studied the author's monumental research work on Industrial Insurance should read this sequel. It is a complete exposure of profiteering in funerals and makes constructive suggestions for its elimination.

J. P.

NUTRITION, published by the British Association for Labour Legislation.

This pamphlet provides an excellent and comprehensive introduction to the subject. Its account of the present situation includes a useful discussion of the statistics of the health of school children on which so much official optimism has been based. This is followed by interesting sections on agriculture and the distributive trades from the point of view of food supply.

C. G. P. S.

FIRST YEAR'S WORK 1937-38 by MASS-OBSERVATION (Lindsay Drummond 2/-)

This short volume includes a statement of objectives and future plans; some reports of work done on Smoking, Pub-goers, 'Blackpool Laughs' and Littlewoods (the last one being especially interesting); an analysis of press criticisms; and a mainly excellent essay by Professor Malinowski. Some of the graphs and generalisations may seem pretensions, but there is no doubt that Mass-Observation is potentially a movement of genuine value, a fact which the Labour Party has already had reason to appreciate.

A. W. F.

THE MOVEMENTS OF INTEREST RATES, BOND YIELDS AND STOCK PRICES IN THE UNITED STATES SINCE 1856

by FREDERICK R. MACAULAY (Macmillan 21/-)

A truly stupendous piece of research, of a peculiarly American kind. Monthly calculations of railroad bond yields and common stock prices since 1856, together with full particulars of other interest rates, long and short, in the same period. Invaluable raw material for research into behaviour and importance of interest rates. Valuable discussion, too, of statistical and schematic problems involved.

R. W. B. C.

2

AUSTRIA AND AFTER by FRANZ BORKENAU (Faber & Faber 8/6)

An interesting history by an Austrian written from the inside angle. The summary which appears in the last chapter of the attitude of different groups in Austria towards the *anschluss* is particularly useful.

P. V.

THE COMMUNIST INTERNATIONAL by FRANZ BORKENAU (Faber & Faber 12/6)

This is a history of the Comintern by an ex-Communist with a pretty low view of Communists, who now believes that the real hope lies with liberal democracy. Since no Communist has ever written a history of the Comintern, it is impossible to make comparisons about facts and views. But to an outsider it would appear a little far fetched to state that the Chinese Communists are 'simple instruments of Russian foreign policy'.
P. V.

WAR OVER ENGLAND by AIR COMMODORE CHARLTON (Longmans 5/-)

A cheap re-issue of a two-year-old. The first part describes very effectively the Great War air raids on England; the second is a prophesy of the next war, in which England is devastated from the air; in the third a 25-years' lull allows England, strangely unmolested, to rearm on the basis of a novel and highly interesting strategy of aerial warfare, which brings victory in the Last War. Apart from some irritating condescensions towards *οἱ πολλοί* the book makes vivid and ghastly reading.

A. W. F.

WAR AND DEMOCRACY ed. by E. F. M. DURBIN and GEORGE CATLIN (Kegan Paul 10/6)

This book is a study of the relation of War to civilised minds. It begins with the psychological reasons which lead to personal aggressiveness,—without which war in the mass would be impossible—by Mr. Durbin and Mr. J. Bowlby, and ends with a most interesting criticism of modern thought and argument on Pacifism, Marxism, and Peace, by Mr. Catlin. The tolerant and erudite spirit of the book make it an invaluable handbook for those who preach, as these authors do, the rule of reason and humanity as against emotional propaganda and brute force.

A. D.

BLOODLESS INVASION by Dr. PAUL EINZIG (Duckworth 2/6)

A warning of the historic menace of German politico-economic penetration of S. E. Europe, an answer to the plain man's question—how can it happen unless it is 'fair' and 'natural'?—and an optimistic and oversimplified account of the methods by which England could (in a less ungentlemanly way, of course) beat Germany at her own game, with the co-operation of France and Italy.

E. J.

WORLD FINANCE 1937-1938 by PAUL EINZIG (Kegan Paul 12/6)

In this latest financial 'year-book' Dr. Einzig's theory that monetary policy is the key to history touches new heights. For instance, we are solemnly expected to believe that the cause of the Spanish civil war was the fact that Primo de Rivera in the 1920's maintained the peseta at an unduly high level. Yet in spite of the curious spectacles through which Dr. Einzig chooses to observe the world, he always explains intricate financial matters in a way that makes them as exciting as one of Mr. Cole's detective novels; and he is certainly very well-informed. This is a good book, but it needs to be read with a big pinch of salt. Note specially the chapter on Spanish War finance.

W. S.

FOREIGN AFFAIRS, 1919-1937 by E. L. HASLUCK (Cambridge University Press 8/6)

This overcrowded survey of international affairs since the War is reminiscent of old-fashioned history text books. It is conscientiously impartial, but makes dreary reading, and is not really useful as a work of reference. There is a bibliography at the end of books on current events, but this is not well chosen, and does not include the more important studies and documents (e.g., *Documents on International Affairs*, *Survey of International Affairs*) and includes many that are second-rate.

H. F. G.

THE DOMINIONS AS SOVEREIGN STATES: THEIR CONSTITUTION AND GOVERNMENTS by Professor A. BERRIEDALE KEITH (Macmillan 25/-)

This book is essential to all students of Imperial relations and world affairs. It covers the whole field of the Constitution and Government of the Dominions and their relationship to the Crown and the Government of the United Kingdom, since the Dominions became Sovereign States in 1931. The importance of such issues as the Abdication, the recognition of the Italian conquest of Abyssinia, the League of Nations, Germany's demand for colonies as they affect imperial relations, is too little appreciated in this country. They are discussed fully in this lucid and exhaustive study.

H. F. G.

THE ORIGIN OF THE INEQUALITY OF THE SOCIAL CLASSES

by GUNNAR LANDTMAN (Kegan Paul. 21/-)

Important to the specialist and of great interest to the general reader; though for the latter it is very heavy going, as the main conclusions are hidden under masses of detailed anthropological observations.

The book has five main Parts: *Primary Causes of Social Inequality*; *Origin of Priesthood*; *Origin of Slavery*; *Origin of Nobility*; and *Origin of Government*. The earlier chapters deal with inequalities arising from sex, age, and personality: the later chapters with the development of inequalities resulting from changes in the social structure of a community, owing to the emergence of privileged classes—traders, priests, nobles.

A most valuable and painstaking piece of work. The detailed source references and index are extremely helpful.

J. T.

JAPAN'S GAMBLE IN CHINA by FRED A. UTLEY (Secker & Warburg 6/-)

In her new book, written before the recent frontier clash between Japan and Russia, Miss Utley discusses the causes and prospects of the Sino-Japanese War. She throws light on the clash of interests inside Japan, and makes suggestions as to the possible effects of China's resistance; the implications of the Cabinet changes in Japan; the role of Germany, Great Britain and the Soviet Union. She considers that the German plans in Europe will depend on events in the Far East. As for Great Britain, now that she has shirked her moral obligations to China, it is rather a question of heads you win, tails I lose.

H. F. G.

UNTO CÆSAR by F. A. VOIGT (Constable 10/-)

Mr Voigt maintains that concessions from Britain and France to Hitler would merely encourage him to strike West first; on the other hand any kind of anti-German alliance would mean an immediate outbreak of war. Vigilance and armaments are recommended. The theoretical part of the book tries to show that Marxism has led to Fascism, because essentially it is Fascism. Stalin's regime is the refutation of Marxism.

C. P. M.

GERMANY SPEAKS by 21 Nazis (Thornton Butterworth 10/6)

This book, written and produced in the most elegant and gentlemanly manner, all complete with quotations from Shakespeare, is an attempt to make people think that the Nazis are really a very decent lot of chaps. Certainly all the authors chosen to write for the book are men who seem to find Nazi policy all quite humane and reasonable. They put the Nazi case in its most plausible possible form. Plenty of interesting, though not always reliable, statistics, in the chapters on *Population*, *Racial Thought*, *Finance*, *Social Policy* and *Highways*.

W. S.

3

Also Received:

ABRAHAMS, G. **LAW AFFECTING POLICE AND PUBLIC** (Sweet & Maxwell 15/-)

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LEAGUE OF NATIONS **MONEY AND BANKING 1937-8** (2 Vols.)